

Document #4574

4/4/85

RESOLUTION OF THE BOSTON REDEVELOPMENT AUTHORITY
RE: TENTATIVE DESIGNATION OF REDEVELOPER
BUILDING #266 AT THE CHARLESTOWN NAVY YARD, IN THE
CHARLESTOWN URBAN RENEWAL AREA
PROJECT NO. MASS. R-55

WHEREAS, the Boston Redevelopment Authority, (hereinafter referred to as the "Authority"), has entered into a contract for loan and capital grant with the Federal Government under Title I of the Housing Act of 1949, as amended, which contract provides for financial assistance in the hereinafter identified Project; and

WHEREAS, the Urban Renewal Plan for the Charlestown Urban Renewal Area, Project No. Mass. R-55, (hereinafter referred to as the "Project Area"), has been duly reviewed and approved in full compliance with local, State and Federal law; and

WHEREAS, the Authority is cognizant of the conditions that are imposed in the undertaking and carrying out of urban renewal projects with Federal financial assistance under said Title I, including those prohibiting discrimination because of race, color, sex, religion or national origin; and

WHEREAS, The Conroy Heafitz Development Team has expressed an interest in and has submitted a satisfactory proposal for the development of Building #266 at the Charlestown Navy Yard in the Charlestown Urban Renewal Area; and

WHEREAS, the Authority is cognizant of Chapter 30, Sections 61 through 62H of the Massachusetts General Laws, as amended, with respect to minimizing and preventing damage to the environment:

NOW, THEREFORE, BE IT RESOLVED BY THE BOSTON REDEVELOPMENT AUTHORITY:

1. That The Conroy Heafitz Development Team be and hereby is tentatively designated as Redeveloper of Building #266 in the Charlestown Navy Yard Urban Renewal Area subject to:

- (a) Publication of all public disclosure and issuance of all approvals required by the Massachusetts General Laws and Title I of the Housing Acts of 1949, as amended;
- (b) Submission by the Redeveloper to the Authority within ten (10) days of a letter in which:
 - (i) The Redeveloper agrees to begin substantial exterior and interior construction on or before April 6, 1985 for clean out purposes and to make the building weather-tight;
 - (ii) That the Redeveloper and the Authority agree to use their best efforts to execute a long term lease in a form satisfactory to the Authority by February 6, 1986; how-

ever not withstanding that if for any reason the lease is not signed by that date through no fault of the parties, the Redevelopers agree by this letter of intent to negotiate in good faith a Management Agreement and a Payment In Lieu of Taxes Agreement in a form satisfactory to the Authority. Said payments are proposed to commence May 6, 1985. This minimum payment will continue and be incorporated in the form of the final lease. It is understood by the Redeveloper that the lease shall contain other provisions regarding the rental in addition to the payment of taxes incorporated in the letter of intent. In addition to these items, the letter of intent will require the Redeveloper to post cash or letter of credit in an amount satisfactory in form and amount to the Authority for the property and timely completion of the rehabilitation and to further insure the above referenced payments in lieu of taxes.

- (iii) The redeveloper agrees to submission within days in a form satisfactory to the Authority of:
 - (a) Evidence of the availability of necessary equity funds, as needed; and
 - (b) Evidence of firm financial commitments from banks or other lending institutions; and
 - (c) Final Working Drawings and Specifications; and
 - (d) Proposed development and rental schedule.

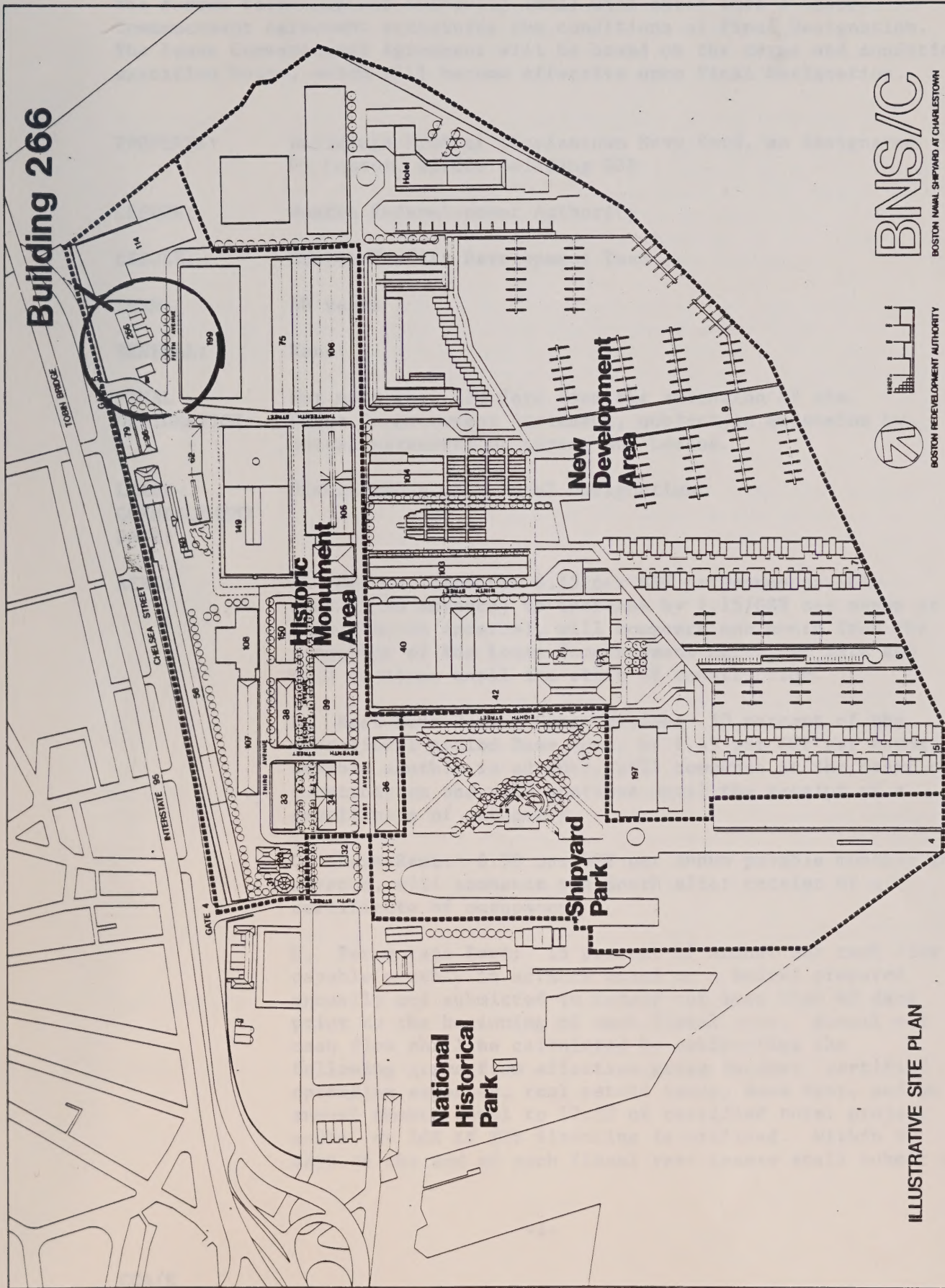
2. That the leasing of Building #266 is the appropriate method of making the land available for redevelopment.

3. That the Director is authorized to execute a license with the developer to enter upon this Authority-owned property in the Charlestown Navy Yard as the Director determines proper for immediate clean out and making the building weather tight prior to the execution of a formal lease agreement. Said license to include a "Hold Harmless" idemnification of the Authority and such other condition as the Director deems proper and in the best interest of the Authority.

4. That it is the firm intent of the Authority to revoke this designation if the above referred to conditions are not complied with.

5. That the Secretary is hereby authorized and directed to publish notice of the proposed disposal transaction in accordance with Section 105(E) of the Housing Act of 1949, as amended, including information with respect to the "Redeveloper's Statement for Public Disclosure" (Federal Form H-6004).

Building 266



BNS/C

BOSTON NAVAL SHIPYARD AT CHARLESTOWN



BOSTON REDEVELOPMENT AUTHORITY



ILLUSTRATIVE SITE PLAN

BUILDING #266 CHARLESTOWN NAVY YARD LEASE COMMENCEMENT AGREEMENT SUMMARY

Within 30 days of Tentative Designation, the designated developer and the Boston Redevelopment Authority (BRA) will enter into a Lease Commencement Agreement containing the conditions of Final Designation. The Lease Commencement Agreement will be based on the terms and conditions specified below, which will become effective upon Final Designation.

PROPERTY: Buildings #266 at Charlestown Navy Yard, as designated by Lessor, 25,000 Building GSF

LESSOR: Boston Redevelopment Authority

LESSEE: Conroy-Heafitz Development Team

TERM: 50 years

RENEWAL: None

FINAL DESIGNATION: Not more than 270 days from the execution of the Lease Commencement Agreement, subject to extension by mutual agreement of Lessor and Lessee.

LEASE COMMENCEMENT DATE: Simultaneous with Final Designation.

RENT:

A. Option Payment: \$.15 per GSF per annum payable monthly in advance, to increase by \$.15/GSF per annum at each 3 month interval, will commence one month from the execution of the Lease Commencement Agreement Date and will continue until the start of construction.

B. Base Rent During Construction: 50 percent of the operational period Base Rent, or \$.45 per GSF per annum payable monthly in advance, will commence at the start of construction and will continue until the receipt of a certificate of occupancy.

C. Base Rent: \$.90 per GSF per annum payable monthly in advance, will commence one month after receipt of a certificate of occupancy.

D. Percentage Rent: 15 percent of annual net cash flow payable monthly in advance based on a budget prepared annually and submitted to Lessor not less than 60 days prior to the beginning of each fiscal year. Annual net cash flow shall be calculated by subtracting the following items from effective gross income: certified operating expenses, real estate taxes, Base Rent, and an annual amount equal to 12.5% of certified total project costs, or 10% if IRB financing is utilized. Within 90 days of the end of each fiscal year Lessee shall submit a

calculation of Percentage Rent for that year certified by a CPA acceptable to Lessor and shall make a payment or receive a credit of Percentage Rent based on the certified statement. Until the annual Percentage Rent amount is certified, and payments and credits are allocated, the monthly Percentage Rent payment in any fiscal year shall be no less than one-twelfth of the fiscal year.

MAINTENANCE
FEE:

\$.05 per GSF of the improvements to the Property per annum will commence one month after receipt of a certificate of occupancy and thereafter is subject to an escalation formula for the remainder of the lease. All redevelopers within the Historic Monument Area of the Charlestown Navy Yard will be required to contribute this amount to maintain the public areas therein.

add
CHARLESTOWN
NEIGHBORHOOD
CONTRIBUTION:

\$.50 per GSF of the improvements to the Property payable simultaneous with the Lease Commencement Date. All redevelopers within the Historic Monument Area of the Charlestown Navy Yard will be required to contribute this amount for community and social activities. Contributions will be distributed in concurrence with the Charlestown Advisory Committee.

DESIGN
GUIDELINES
AND
REVIEW

A. Lessee must adhere to the Design Guidelines issued September 1984 as part of the request for proposals (attached).

B. Lessee must adhere to BRA Design Review Procedures (attached).

C. Lessee must adhere to the BRA Harbor Park Plan.

D. Lessee acknowledges Design Review Procedures will encompass BRA approval of both exterior and interior building design.

SUBORDINATION: Lessor's fee interest in the Property will not be subordinated. Lessor's Base Rent will not be subordinated. Percentage Rent will not be subordinated. In the event of a foreclosure, the Lessor may defer Percentage Rent for a period of time sufficient to allow lender to cure.

FINANCING: Any initial permanent financing may not exceed certified total project costs.

REFINANCING: Lessor will receive as Additional Rent 15% of net refinancing proceeds upon refinancing.

SALE: Lessor will receive as Additional Rent 15% of net sales proceeds upon sale.

ALIENATION: Lessee may not dispose of its interest in the project for five years after issuance of a final certificate of occupancy. Thereafter, Lessee may not dispose of its interest in the project without the written consent of Lessor, such consent not to be unreasonably withheld.

ESTOPPEL
CERTIFICATE: Lessor agrees to provide any lender that notifies the Lessor of its mortgage interest with an Estoppel Certificate granting such lender notice of default and right to cure as may reasonably be required.

CONSTRUCTION
OF
IMPROVEMENTS: Lessee must make improvements on the Property in accordance with plans and specifications approved by Lessor as part of Lessee's Final Designation within 18 months of such Designation.

BOOKS AND
RECORDS: Lessee must provide Lessor with a statement of project costs computed in accordance with the Land Lease, certified by a CPA, and approved by the Lessor, within 120 days of issuance of a final certificate of occupancy. Lessor will use industry standards as a guide to Lessor's approval.

In addition to the reports required for the Percentage Rent calculation, Lessee must provide Lessor with a statement of operation certified by a CPA, and approved by the Lessor, within 90 days of the close of each fiscal year. Lessor will use industry standards as a guide to Lessor's approval.

AFFIRMATIVE
ACTION: Lessee must comply with the Mayor's Executive Order concerning Affirmative Action goals for construction employment, permanent employment and minority business contracting. The Lessor will assist the Lessee in meeting these goals.

REAL ESTATE
TAXES: The Property will be fully taxable by the Assessor of the City of Boston at applicable rates.

LIABILITY: Lessor and the City of Boston will not incur any expenses in the development of the Property. The Property will be leased in an "as is" condition. Lessee will pay for the cost of any utility relocation not paid by any utility company.

APRIL 4, 1985 5B
MARCH 28, 1985

CONTINUED ON THE TABLE

MEMORANDUM

TABLED:

MARCH 7, 1985

TO: Boston Redevelopment Authority
FROM: Stephen Coyle, Director
SUBJECT: Charlestown Navy Yard
Tentative Designation of Developer of
Building 266

Amended

On September 13, 1984 the Director was authorized to advertise and solicit developer interest in Buildings 75, 105, 106, 114 and 266. As a result of the advertisement the Authority received three proposals for the redevelopment of Building 266.

As a result of thorough evaluation of the development program, financial terms, design concepts and strength of the development team by the staff and myself, it is recommended that the Conroy-Heafitz Development Team be tentatively designated as developer of Building 266. The developer will be responsible for the restoration and renovation of the exterior of the buildings in accordance with the Authority's Rehabilitation Guidelines as specified in the Developers Kit for these buildings. The developer will be required to renovate the buildings' interior in accordance with plans submitted to and approved by the Authority.

The General Partner of the Conroy-Heafitz Development Team is Heafitz and Company Inc. (Lewis Heafitz, President). Limited partners are the Conroy Development Company (Terence A. Conroy, President) and Bay State Investors Inc. (Thomas P. O'Neill III, President). Mr. Conroy and Mr. Heafitz represent over forty years of experience in construction, project management, development, brokerage and property management. Bay State Investors, Inc. is a venture capital firm which has extensive investments in real estate throughout the United States.

The developer's proposal calls for the construction of approximately 25,000 square feet of office space, divided over four suites located in the building. Conroy Development Co. and Heafitz and Co. plan to relocate their offices in one of the suites, affirming their commitment to the area. The total cost of this development is \$1,605,000.00.

The developer has assembled a team which will insure the successful and timely execution of the development plan. The Carlson Group has been selected to provide architectural/engineering services and to act as general contractor. Aldrich Company, Inc. will serve as primary architect and engineers for the project. Ann Beha Associates will be the preservation architect and Leslie Donavan will be the preservation consultant.

The developer has agreed to terms and conditions which are very favorable to the Authority. The developer will pay a base rent of \$.90 per gross square foot annually as well as a payment of 15% of net cash flow. In addition the developer will pay \$.05 per square foot to the Common Area Maintenance Fund annually and make an additional one time payment of \$.50 per square foot to support worthwhile social and neighborhood activities in the Charlestown community. Also, the property will be fully assessed for tax purposes, generating over \$60,000 annually to the City of Boston.

As both the developer and the Authority are desirous of beginning this project as soon as possible, it is further requested that the Director be authorized to execute an Early Entry Agreement with the developer, similar to those executed in the past.

